

RIVERSIDE COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITORS' REPORT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015**

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RIVERSIDE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Greg Hansen	President	2015
Murray Fenn	Vice President	2017
Matt Bowen	Board Member	2015
Lindsay Bentley	Board Member	2017
Phil Reed	Board Member	2017
Dan Ives	Board Member	2015
Jeff Buckingham	Board Member	2015
School Officials		
Dr. James Sutton	Superintendent	2015
Dan Rold	Business Manager/ Board Treasurer	2015
Terresa Grobe	Board Secretary	2015
Joseph Thornton	Attorney	2015

RIVERSIDE COMMUNITY SCHOOL DISTRICT



Diane McGrain, CPA
Jim Menard, CPA

November 10, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Education
Riverside Community School District
Carson, IA 51525

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Riverside Community School District, Carson, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Continued...

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November 10, 2015
Riverside Community School District
Independent Auditors' Report

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Riverside Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 14 to the financial statements, Riverside Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, and the Schedule of the District's Proportionate Share of the Net Pension Liability, the District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 17 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Riverside Community School District's basic financial statements. The financial statements for the nine years ended June 30, 2014 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 10, 2015
Riverside Community School District
Independent Auditors' Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of Riverside Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Riverside Community School District's internal control over financial reporting and compliance.

Schroeder & Associates, PC

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Riverside Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,981,447 in fiscal 2014 to \$7,487,239 in fiscal 2015. General Fund expenditures decreased from \$7,596,179 in fiscal 2014 to \$7,324,538 in fiscal 2015. The increase in General Fund revenues was primarily the result of increases in local and state source revenues. The decrease in expenditures was due to reduced spending in the instruction and operation and maintenance of plant services functional areas. This resulted in an increase of the District's General Fund balance from \$840,687 at June 30, 2014 to \$1,004,688 at June 30, 2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Riverside Community School District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Riverside Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Riverside Community School District acts solely as an agent or custodian for the benefit of those outside of County government.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retirees Health Plan.
- Supplementary Information provides detailed information about the non-major governmental funds.
- Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Riverside Community School District Annual Financial Report

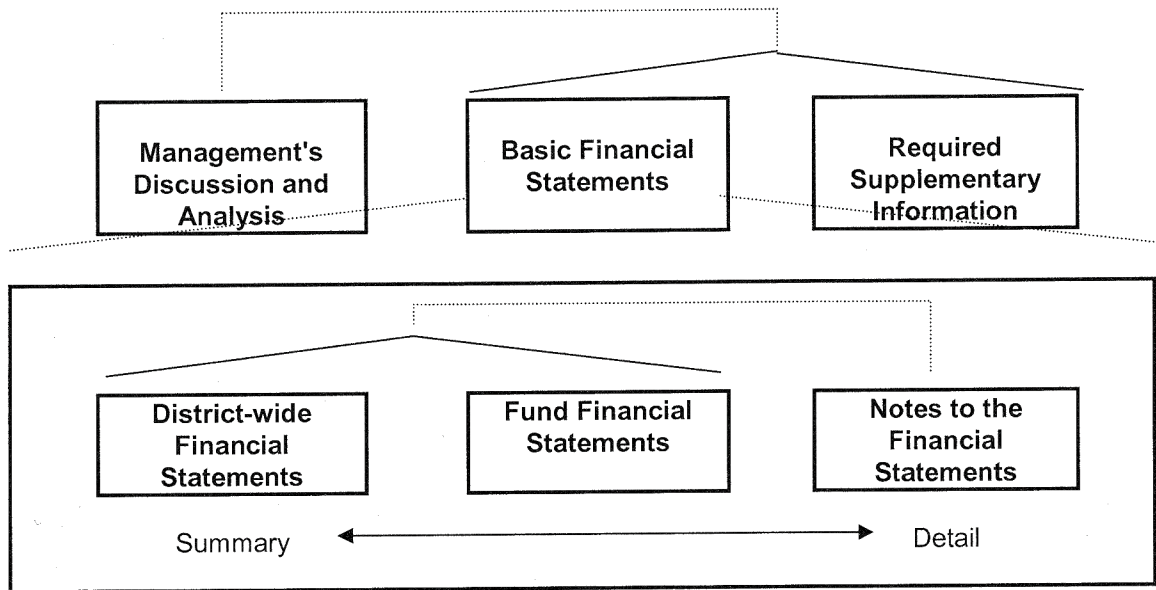


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/ Acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All additions and reductions during year, regardless of when cash is received or paid

REPORTING OF DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

1. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance District's programs. The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

2. *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has three Enterprise Funds, the School Nutrition Fund, the Day Care Fund and the Farming Operation Fund. The District uses Internal Service Funds, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District has one Internal Service Fund that is used to account for the District's employee flexible benefit plan.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

3. *Fiduciary funds*: The District is the trustee or fiduciary for assets that belong to others.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for fiduciary funds includes a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position – Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-2015
	2015	(not restated)	2015	(not restated)	2015	(not restated)	
Current and other assets	\$ 17,740	25,700	98	119	17,838	25,819	-30.91%
Capital assets	15,810	4,598	15	19	15,825	4,617	242.76%
Total assets	33,550	30,298	113	138	33,663	30,436	10.60%
Deferred outflows of resources	473	-	19	-	492	-	100.00%
Long-term liabilities	21,467	18,753	130	37	21,597	18,790	14.94%
Other liabilities	4,104	1,096	16	4	4,120	1,100	274.55%
Total liabilities	25,571	19,849	146	41	25,717	19,890	29.30%
Deferred inflows of resources	4,395	4,033	34	-	4,429	4,033	9.82%
Net position							
Net investment in capital assets	4,255	2,537	15	19	4,270	2,556	67.06%
Restricted	2,357	4,005	-	-	2,357	4,005	-41.15%
Unrestricted	(2,555)	(126)	(63)	78	(2,618)	(48)	-5354.17%
Total net position	\$ 4,057	6,416	(48)	97	4,009	6,513	-38.45%

The District's total net position decreased by 38.45% or approximately \$2,504,000 from the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position

decreased approximately \$1,648,000 or 41.15% from the prior year. The decrease was mainly attributable to the decrease in the fund balance of the Capital Projects Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased approximately \$2,570,000. This reduction in unrestricted net position was primarily a result of the District's net pension liability recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,840,059 and \$112,185, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Changes in net position – Figure A-4 shows the changes in net position for the year ended June 30, 2015, compared to the year ended June 30, 2014.

Figure A-4 Changes in Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014		2014		2014		2014-2015
	2015	(not restated)	2015	(not restated)	2015	(not restated)	
Revenue							
Program revenues:							
Charges for services	\$ 376	412	193	216	569	628	-9.39%
Operating grants, contributions and restricted interest	1,635	843	175	179	1,810	1,022	77.10%
Capital grants, contributions and restricted interest	24	-	-	-	24	-	100.00%
General revenues:							
Property and other tax	4,359	3,334	-	-	4,359	3,334	30.74%
Statewide sales, services and use tax	674	591	-	-	674	591	14.04%
Unrestricted state grants	2,568	2,691	-	-	2,568	2,691	-4.57%
Unrestricted investment earnings	2	22	-	-	2	22	-90.91%
Other	7	55	6	36	13	91	-85.71%
Total revenues	9,645	7,948	374	431	10,019	8,379	19.57%
Program expenses:							
Instruction	5,045	5,568	-	-	5,045	5,568	-9.39%
Support services	2,638	2,477	-	6	2,638	2,483	6.24%
Non-instructional programs	-	-	408	390	408	390	4.62%
Other expenses	1,481	665	-	-	1,481	665	122.71%
Total expenses	9,164	8,710	408	396	9,572	9,106	5.12%
Changes in net position	481	(762)	(34)	35	447	(727)	161.49%
Net position beginning of year, as restated	3,576	7,178	(14)	62	3,562	7,240	-50.80%
Net position end of year	\$ 4,057	6,416	(48)	97	4,009	6,513	-38.45%

In fiscal year 2015, property tax and unrestricted state grants accounted for 78.8% of governmental activities revenue, while charges for service and operating grants, contributions and restricted interest accounted for 98.4% of business type activities revenue. The District's total revenues were approximately

\$10.0 million, of which approximately \$9.6 million was for governmental activities and \$.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 19.57% increase in revenues and a 5.12% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$9,646,648 for fiscal year 2015 and expenses were \$9,165,142 for the year ended 2015.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses, for the year ended June 30, 2015 compared to the year end June 30, 2014.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2015	2014 (not restated)	Change 2014-2015	2015	2014 (not restated)	Change 2014-2015
Instruction	\$ 5,046	5,568	-9.38%	3,804	4,670	-18.54%
Support services	2,638	2,477	6.50%	2,426	2,381	1.89%
Other expenses	1,481	665	122.71%	899	404	122.52%
Total	\$ 9,165	8,710	5.22%	7,129	7,455	-4.37%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$375,734.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,665,719.
- The net cost of governmental activities was financed with \$5,033,310 in property and other taxes, and \$2,568,817 in unrestricted state grants.

Business-Type Activities

Revenues of the District's business-type activities were \$374,145 for 2015, and expenses were \$407,517 for 2015. The District's business-type activities include the School Nutrition Fund, Day Care Fund and the FFA Farm Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Riverside Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$10,853,820 for 2015 and \$20,570,682 for 2014. The primary reason for the decrease in combined fund balances in fiscal 2015 is due to costs of construction of a new junior and senior high school building accounted for in the Capital Projects Fund.

Governmental Fund Highlights

- The District's increase in General Fund financial position is the product of many factors. The District saw an increase in state and other local sources. Expenditures decreased resulting in an overall increase in financial position. The decreased expenditures were mainly from decreases in other instruction.
- The General Fund balance increased from \$840,687 to \$1,004,688 due to an overall increase in revenues over expenditures.
- The Capital Project Fund balance decreased from \$19,410,397 to \$9,508,682 due to construction costs of a new building. During the year, the District issued general obligation bonds that are payable from the Debt Service Fund.
- The Debt Service Fund balance increased \$5,977 during the year ended June 30, 2015.

Proprietary Fund Highlights

The Proprietary funds are all considered nonmajor funds. The enterprise funds net position decreased \$33,372 due to the implementation of Governmental Accounting Standards Board (GASB) No. 68.

BUDGETARY HIGHLIGHTS

Riverside Community School District did not amend its budget

The District's total revenues were \$752,810 more than total budgeted revenues, a variance of 8.2%. The most significant variance was in state sources received.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$15,825,000, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$185,776.

The original cost of the District's capital assets was \$21,901,495. Governmental funds account for \$21,820,065 with the remainder of \$81,430 in the Proprietary, School Nutrition Fund.

The significant capital assets activities during the year occurred in the construction in progress category. The District is constructing a new junior and senior high school building.

Figure A-6							
Capital Assets, net of Depreciation							
(Expressed in Thousands)							
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 526	526	-	-	526	526	0.00%
Construction in progress	13,151	1,826	-	-	13,151	1,826	620.21%
Buildings	1,820	1,955	-	-	1,820	1,955	-6.91%
Improvements other than buildings	169	183	-	-	169	183	-7.65%
Machinery and equipment	144	107	15	19	159	126	26.19%
Total	15,810	4,597	15	19	15,825	4,616	242.83%

Long-Term Debt

At June 30, 2015 the District had long term debt outstanding of \$19,200,000. This represents an increase of 6.96% from the prior year. (See Figure A-7) More detailed information about the District's long term liabilities is available in Note 5 to the financial statements.

Figure A-7			
Outstanding Long-Term Obligations			
(Expressed in Thousands)			
	Total		Total
	District		Change
	June 30,		June 30,
	2015	2014	2014-2015
General obligation bonds	\$ 13,165	11,915	10.49%
Revenue bonds	6,035	6,035	0.00%
Total	\$ 19,200	17,950	6.96%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District's enrollment has remained relatively stable in recent years.
- New housing developments and new small businesses emerging will hopefully stimulate growth.
- Larger employers in the area have remained stable.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dan Rold, Business Manager/District Treasurer, Riverside Community School District, PO Box 218, Carson, Iowa 51525.

BASIC FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 12,672,042	88,919	12,760,961
Receivables:			
Property tax:			
Delinquent	30,527	-	30,527
Succeeding year	4,443,694	-	4,443,694
Accounts	200,664	-	200,664
Due from other governments	392,926	-	392,926
Inventories	-	9,402	9,402
Capital assets, net of accumulated depreciation	15,810,341	15,154	15,825,495
Total assets	<u>33,550,194</u>	<u>113,475</u>	<u>33,663,669</u>
Deferred Outflows of Resources			
Pension related deferred outflows	472,726	18,781	491,507
Liabilities			
Accounts payable	1,482,361	6,733	1,489,094
Salaries & benefits payable	1,556,419	7,924	1,564,343
Accrued interest payable	157,627	-	157,627
Advances from grantors	19,082	-	19,082
Unearned revenue	-	1,057	1,057
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	560,000	-	560,000
Revenue bonds	309,000	-	309,000
Compensated absences	18,987	-	18,987
Portion due after one year:			
General obligation bonds	12,605,000	-	12,605,000
Revenue bonds	5,726,000	-	5,726,000
Net pension liability	2,264,861	89,465	2,354,326
Net OPEB liability	871,407	40,965	912,372
Total liabilities	<u>25,570,744</u>	<u>146,144</u>	<u>25,716,888</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	3,526,575	-	3,526,575
Pension related deferred inflows	868,216	34,295	902,511
Total deferred inflows of resources	<u>4,394,791</u>	<u>34,295</u>	<u>4,429,086</u>
Net Position			
Net investment in capital assets	4,254,959	15,154	4,270,113
Restricted for:			
Categorical funding	159,394	-	159,394
Management levy purposes	232,959	-	232,959
Student activities	101,514	-	101,514
School infrastructure	1,796,074	-	1,796,074
Physical plant and equipment levy	67,990	-	67,990
Unrestricted	(2,555,505)	(63,337)	(2,618,842)
Total net position	<u>\$ 4,057,385</u>	<u>(48,183)</u>	<u>4,009,202</u>

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 3,542,055	164,594	790,498	-	(2,586,963)	-	(2,586,963)
Special instruction	1,021,900	45,529	91,801	-	(884,570)	-	(884,570)
Other instruction	481,676	132,931	15,777	-	(332,968)	-	(332,968)
	<u>5,045,631</u>	<u>343,054</u>	<u>898,076</u>	<u>-</u>	<u>(3,804,501)</u>	<u>-</u>	<u>(3,804,501)</u>
Support services:							
Student	140,572	-	123,549	-	(17,023)	-	(17,023)
Instructional staff	238,682	-	-	-	(238,682)	-	(238,682)
Administration	888,861	-	44,019	-	(844,842)	-	(844,842)
Operation & maintenance of plant	980,696	-	12,658	-	(968,038)	-	(968,038)
Transportation	389,625	32,680	-	-	(356,945)	-	(356,945)
	<u>2,638,436</u>	<u>32,680</u>	<u>180,226</u>	<u>-</u>	<u>(2,425,530)</u>	<u>-</u>	<u>(2,425,530)</u>
Other expenditures:							
Facilities acquisition	490,041	-	269,493	24,516	(196,032)	-	(196,032)
Long-term debt interest	553,296	-	-	-	(553,296)	-	(553,296)
AEA flowthrough	287,673	-	287,673	-	-	-	-
Depreciation (unallocated)*	150,191	-	-	-	(150,191)	-	(150,191)
	<u>1,481,201</u>	<u>-</u>	<u>557,166</u>	<u>24,516</u>	<u>(899,519)</u>	<u>-</u>	<u>(899,519)</u>
Total governmental activities	9,165,268	375,734	1,635,468	24,516	(7,129,550)	-	(7,129,550)
Business-Type activities:							
Support services							
Operation & maintenance of plant	4,635	-	-	-	-	(4,635)	(4,635)
Non-instructional programs:							
Food service operations	347,645	142,456	175,203	-	-	(29,986)	(29,986)
Community service operations	55,097	50,415	-	-	-	(4,682)	(4,682)
Other enterprise operations	140	-	-	-	-	(140)	(140)
	<u>402,882</u>	<u>192,871</u>	<u>175,203</u>	<u>-</u>	<u>-</u>	<u>(34,808)</u>	<u>(34,808)</u>
Total business type activities	407,517	192,871	175,203	-	-	(39,443)	(39,443)
Total	<u>\$ 9,572,785</u>	<u>568,605</u>	<u>1,810,671</u>	<u>24,516</u>	<u>(7,129,550)</u>	<u>(39,443)</u>	<u>(7,168,993)</u>
General Revenues:							
Property and other tax levied for:							
General purposes					\$ 3,310,742	-	3,310,742
Debt service					933,855	-	933,855
Capital outlay					114,338	-	114,338
Statewide sales, services and use tax					674,375	-	674,375
Unrestricted state grants					2,568,817	-	2,568,817
Unrestricted investment earnings					1,768	159	1,927
Other					7,035	5,912	12,947
Total general revenues					<u>7,610,930</u>	<u>6,071</u>	<u>7,617,001</u>
Change in net position					481,380	(33,372)	448,008
Net position beginning of year, as restated					<u>3,576,005</u>	<u>(14,811)</u>	<u>3,561,194</u>
Net position end of year					<u>\$ 4,057,385</u>	<u>(48,183)</u>	<u>4,009,202</u>

* This amount excludes the depreciation that is included in the direct expense of the various programs

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
YEAR ENDED JUNE 30, 2015**

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 1,532,426	10,790,096	-	335,971	12,658,493
Receivables:					
Property tax:					
Delinquent	21,214	876	7,159	1,278	30,527
Succeeding year	3,275,434	112,092	917,119	139,049	4,443,694
Accounts	200,664	-	-	-	200,664
Due from other governments	288,047	104,879	-	-	392,926
Total assets	<u>\$ 5,317,785</u>	<u>11,007,943</u>	<u>924,278</u>	<u>476,298</u>	<u>17,726,304</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 91,234	1,387,169	1,182	2,776	1,482,361
Salaries & benefits payable	639,300	-	917,119	-	1,556,419
Advances from grantors	19,082	-	-	-	19,082
Total liabilities	<u>749,616</u>	<u>1,387,169</u>	<u>918,301</u>	<u>2,776</u>	<u>3,057,862</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax revenue	3,275,434	112,092	-	139,049	3,526,575
Succeeding year income surtax revenue	288,047	-	-	-	288,047
Total deferred inflows of resources	<u>3,563,481</u>	<u>112,092</u>	<u>-</u>	<u>139,049</u>	<u>3,814,622</u>
Fund balances:					
Restricted for:					
Categorical funding	159,394	-	-	-	159,394
Debt service	-	-	5,977	-	5,977
School infrastructure	-	9,440,692	-	-	9,440,692
Physical plant and equipment	-	67,990	-	-	67,990
Management levy purposes	-	-	-	232,959	232,959
Student activities	-	-	-	105,287	105,287
Committed for new building	600,000	-	-	-	600,000
Unassigned	245,294	-	-	(3,773)	241,521
Total fund balances	<u>1,004,688</u>	<u>9,508,682</u>	<u>5,977</u>	<u>334,473</u>	<u>10,853,820</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,317,785</u>	<u>11,007,943</u>	<u>924,278</u>	<u>476,298</u>	<u>17,726,304</u>

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2015**

Total fund balances of governmental funds	\$	10,853,820
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*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		15,810,341
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Blending of the Internal Service Fund to be reflected on an entity-wide basis.		13,549
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Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		288,047
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(157,627)
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 472,726	
Deferred inflows of resources	<u>(868,216)</u>	(395,490)

Long-term liabilities, including general obligation bonds payable, revenue bonds payable, compensated absences, other post employment benefits payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(22,355,255)</u>
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Net position of governmental activities	\$	<u>4,057,385</u>
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RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
Revenues:					
Local sources:					
Local Tax	\$ 3,067,028	114,338	933,855	190,964	4,306,185
Tuition	155,742	-	-	-	155,742
Other	444,005	28,536	-	133,040	605,581
State sources	3,517,492	674,375	-	-	4,191,867
Federal sources	302,972	24,516	-	-	327,488
Total revenues	7,487,239	841,765	933,855	324,004	9,586,863
Expenditures:					
Current					
Instruction:					
Regular instruction	3,583,532	-	-	-	3,583,532
Special instruction	1,028,795	-	-	-	1,028,795
Other instruction	376,277	-	-	127,750	504,027
	4,988,604	-	-	127,750	5,116,354
Support services:					
Student services	143,082	-	-	-	143,082
Instructional staff services	241,257	3,657	-	-	244,914
Administration services	803,511	2,033	-	83,071	888,615
Operation and maintenance of plant services	493,423	388,677	-	98,308	980,408
Transportation services	366,988	69,100	-	-	436,088
	2,048,261	463,467	-	181,379	2,693,107
Other expenditures:					
Facilities acquisition	-	11,815,449	-	-	11,815,449
Long-term debt:					
Principal	-	-	520,000	-	520,000
Interest and fiscal charges	-	-	648,177	-	648,177
AEA flowthrough	287,673	-	-	-	287,673
	287,673	11,815,449	1,168,177	-	13,271,299
Total expenditures	7,324,538	12,278,916	1,168,177	309,129	21,080,760
Excess(deficiency) of revenues over (under) expenditures	162,701	(11,437,151)	(234,322)	14,875	(11,493,897)
Other financing sources (uses):					
Sale of general fixed assets	1,300	-	-	-	1,300
General obligation bond proceeds	-	1,770,000	-	-	1,770,000
Premium on general obligation bond proceeds	-	5,735	-	-	5,735
Operating transfers in	-	-	240,299	-	240,299
Operating transfers out	-	(240,299)	-	-	(240,299)
Total other financing sources(uses)	1,300	1,535,436	240,299	-	1,777,035
Net change in fund balances	164,001	(9,901,715)	5,977	14,875	(9,716,862)
Fund balances beginning of year	840,687	19,410,397	-	319,598	20,570,682
Fund balances end of year	\$ 1,004,688	9,508,682	5,977	334,473	10,853,820

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ (9,716,862)

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays depreciation expense and adjustments for disposals in the year are as follows:

Expenditures for capital assets	\$ 11,394,508	
Depreciation expense	<u>(181,909)</u>	11,212,599

Blending of Internal Service Fund to be reflected on an entity-wide basis.		(3,947)
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Proceeds for issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Repayments of long-term debt liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments as follows:

Issued	\$ (1,770,000)	
Repaid	<u>520,000</u>	(1,250,000)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

94,881

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.

52,750

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

348,157

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Other post employment benefits	(78,020)	
Pension expense	(168,449)	
Compensated absences	<u>(9,729)</u>	<u>(256,198)</u>

Change in net position of governmental activities \$ 481,380

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Nonmajor Enterprise Funds				Internal Service Fund
	School Nutrition	Day Care	FFA Farm	Total	
Assets					
Cash, cash equivalents and pooled investments	\$ 3,079	23,023	62,817	88,919	12,549
Accounts receivable	-	-	-	-	1,000
Inventories	9,402	-	-	9,402	-
Capital assets, net of accumulated depreciation	15,154	-	-	15,154	-
Total assets	<u>27,635</u>	<u>23,023</u>	<u>62,817</u>	<u>113,475</u>	<u>13,549</u>
Deferred Outflows of Resources					
Pension related deferred outflows	15,329	3,452	-	18,781	-
Liabilities					
Accounts payable	6,456	277	-	6,733	-
Salaries and benefits and payable	4,714	3,210	-	7,924	-
Unearned revenue	1,057	-	-	1,057	-
Net pension liability	72,985	16,480	-	89,465	-
Net OPEB liability	40,509	456	-	40,965	-
Total liabilities	<u>125,721</u>	<u>20,423</u>	<u>-</u>	<u>146,144</u>	<u>-</u>
Deferred Inflows of Resources					
Pension related deferred inflows	27,978	6,317	-	34,295	-
Net Position					
Net investment in capital assets	15,154	-	-	15,154	-
Unrestricted	(125,889)	(265)	62,817	(63,337)	13,549
Total net position	<u>\$ (110,735)</u>	<u>(265)</u>	<u>62,817</u>	<u>(48,183)</u>	<u>13,549</u>

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Nonmajor Enterprise Funds				Internal Service Fund
	School Nutrition	Day Care	FFA Farm	Total	
Operating revenues:					
Local sources:					
Charges for service	\$ 142,456	50,415	-	192,871	4,150
Miscellaneous	1,942	3,970	-	5,912	-
Total operating revenues	144,398	54,385		198,783	4,150
Operating expenses:					
Support services:					
Administration	-	-	-	-	8,097
Operation and maintenance of plant	4,635	-	-	4,635	-
	4,635	-	-	4,635	8,097
Non-instructional programs:					
Food service operations:					
Salaries	127,723	-	-	127,723	-
Benefits	58,733	-	-	58,733	-
Purchased services	259	-	-	259	-
Supplies	152,021	-	-	152,021	-
Miscellaneous	5,042	-	-	5,042	-
Depreciation	3,867	-	-	3,867	-
	347,645	-	-	347,645	-
Other enterprise operations:					
Supplies	-	-	140	140	-
Community service operations:					
Salaries	-	40,831	-	40,831	-
Benefits	-	9,683	-	9,683	-
Supplies	-	4,583	-	4,583	-
	-	55,097	-	55,097	-
Total operating expenses	352,280	55,097	140	407,517	8,097
				-	
Operating loss	(207,882)	(712)	(140)	(208,734)	(3,947)
Non-operating revenue:					
State sources	2,811	-	-	2,811	-
Federal sources	172,392	-	-	172,392	-
Interest on investments	31	69	59	159	-
Total non-operating revenue	175,234	69	59	175,362	-
Change in net position	(32,648)	(643)	(81)	(33,372)	(3,947)
Net position beginning of year	(78,087)	378	62,898	(14,811)	17,496
Net position end of year	\$ (110,735)	(265)	62,817	(48,183)	13,549

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Nonmajor Enterprise Funds				Internal Service Fund
	School Nutrition	Day Care	FFA Farm	Total	
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 146,871	-	-	146,871	-
Cash received from daycare operations	-	50,415	-	50,415	-
Cash received from miscellaneous	1,942	3,970	35,899	41,811	3,150
Cash payments to employees for services	(184,658)	(51,630)	-	(236,288)	-
Cash payments to suppliers for goods or services	(131,917)	(4,306)	(140)	(136,363)	(8,097)
Net cash used by operating activities	(167,762)	(1,551)	35,759	(133,554)	(4,947)
Cash flows from non-capital financing activities:					
State grants received	2,811	-	-	2,811	-
Federal grants received	148,133	-	-	148,133	-
Net cash provided by non-capital financing sources	150,944	-	-	150,944	-
Cash flows from investing activities:					
Interest on investments	31	69	59	159	-
Net change in cash and cash equivalents	(16,787)	(1,482)	35,818	17,549	(4,947)
Cash and cash equivalents at beginning of year	19,866	24,505	26,999	71,370	17,496
Cash and cash equivalents at end of year	\$ 3,079	23,023	62,817	88,919	12,549
Reconciliation of operating loss to net cash provided (used) by operating activities:					
Operating loss	\$ (207,882)	(712)	(140)	(208,734)	(3,947)
Commodities used	24,259	-	-	24,259	-
Depreciation	3,867	-	-	3,867	-
(Increase) decrease in:					
Accounts receivable	3,358	-	-	3,358	(1,000)
Inventories	(675)	-	35,899	35,224	-
Deferred outflows of resources	(4,575)	(1,013)	-	(5,588)	-
Increase (decrease) in:					
Accounts payable	6,456	277	-	6,733	-
Salaries and benefits payable	4,056	164	-	4,220	-
Unearned revenue	1,057	-	-	1,057	-
Net pension liability	(29,288)	(6,625)	-	(35,913)	-
Net OPEB liability	3,627	41	-	3,668	-
Deferred inflows of resources	27,978	6,317	-	34,295	-
Net cash provided (used) by operating activities	\$ (167,762)	(1,551)	35,759	(133,554)	(4,947)

Non-cash investing, capital and financing activities

During the year ended June 30, 2015 the District received \$24,259 of federal commodities

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 110,050
Total assets	<u>110,050</u>
Liabilities	
Accounts payable	<u>102</u>
Total liabilities	<u>102</u>
Net Position	
Reserved for scholarships	\$ <u><u>109,948</u></u>

See notes to financial statements

RIVERSIDE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 17,643
Investment income	<u>4,821</u>
Total additions	22,464
Deductions:	
Instruction:	
Regular	
Scholarships awarded	3,200
Support services	
Administration	<u>987</u>
Total deductions	<u>4,187</u>
Change in net position	18,277
Net position beginning of year	<u>91,671</u>
Net position end of year	\$ <u><u>109,948</u></u>

See notes to financial statements

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 Summary of Significant Accounting Policies

The Riverside Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the cities of Carson, Oakland and Macedonia, Iowa and the predominately agricultural territory in Pottawattamie County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Riverside Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Riverside Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in jointly governed organizations that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pottawattamie County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – (continued)

Restricted net position results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the preceding two categories. Unrestricted net position is often subject to constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and all other capital assets.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's long-term debt.

The District reports the following major proprietary funds:

The District's proprietary funds include the Enterprise School Nutrition, Day Care and FFA Farm Funds, as well as the District's Internal Service Fund. The School Nutrition, Day Care and FFA Farm Funds are used to account for the food service, day care and farming operations of the District. The Internal Service Fund is used to account for the District's employee flexible benefit plan. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Position and the Statement of Activities.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation - (continued)

The District also reports the following fiduciary fund which focuses on net position and changes in net position:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting - (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity - (continued)

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 500
Buildings	5,000
Improvements other than buildings	2,500
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	2 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity - (continued)

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Unearned Revenue - Nutrition fund unearned revenue consists of student meal charges collected but not yet earned.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivables that will not be recognized as revenue until the year for which it is levied, succeeding year income surtax that will not be recognized as revenue until available, and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity - (continued)

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resource are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amount budgeted in the support services function.

NOTE 2 Cash and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

NOTE 3 Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>240,299</u>

Transfers generally move revenues from the fund statutorily required to collect the resources, to the fund statutorily required to expend the resources.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 4 Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 526,505	-	-	526,505
Construction in progress	1,825,864	11,325,408	-	13,151,272
	<u>2,352,369</u>	<u>11,325,408</u>	<u>-</u>	<u>13,677,777</u>
Capital assets being depreciated:				
Buildings	6,567,570	-	-	6,567,570
Improvements other than buildings	289,437	-	-	289,437
Furniture and equipment	1,248,181	69,100	32,000	1,285,281
Total capital assets being depreciated	<u>8,105,188</u>	<u>69,100</u>	<u>32,000</u>	<u>8,142,288</u>
Less accumulated depreciation for:				
Buildings	4,612,358	135,718	-	4,748,076
Improvements other than buildings	106,391	14,473	-	120,864
Furniture and equipment	1,141,066	31,718	32,000	1,140,784
Total accumulated depreciation	<u>5,859,815</u>	<u>181,909</u>	<u>32,000</u>	<u>6,009,724</u>
Total capital assets being depreciated, net	<u>2,245,373</u>	<u>(112,809)</u>	<u>-</u>	<u>2,132,564</u>
Governmental activities capital assets, net	<u>\$ 4,597,742</u>	<u>11,212,599</u>	<u>-</u>	<u>15,810,341</u>
Business-type activities				
Machinery and equipment	\$ 81,430	-	-	81,430
Less accumulated depreciation	<u>62,409</u>	<u>3,867</u>	<u>-</u>	<u>66,276</u>
Business-type activities capital assets, net	<u>\$ 19,021</u>	<u>(3,867)</u>	<u>-</u>	<u>15,154</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 898
Other	1,101
Support services:	
Administration	552
Transportation	29,167
	<u>31,718</u>
Unallocated	<u>150,191</u>
Total depreciation expense - governmental activities	<u>\$ 181,909</u>
Business-type activities:	
Food services	<u>\$ 3,867</u>

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 5 Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,915,000	1,770,000	520,000	13,165,000	560,000
Revenue bonds	6,035,000	-	-	6,035,000	309,000
Compensated absences	9,258	18,987	9,258	18,987	18,987
Net pension liability	3,173,756	-	908,895	2,264,861	-
Net OPEB liability	793,387	78,020	-	871,407	-
Total	\$ 21,926,401	1,867,007	1,438,153	22,355,255	887,987
Business type activities:					
Net pension liability	\$ 125,378	-	35,903	89,475	-
Net OPEB liability	37,297	3,668	-	40,965	-
Total	\$ 162,675	3,668	35,903	130,440	-

General Obligation Bonds

Details of the District's June 30, 2015 general obligation bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 12, 2013			
	Interest Rates	Principal	Interest	Total
2016	-	\$ -	142,750	142,750
2017	-	-	142,750	142,750
2018	-	-	142,750	142,750
2019	-	-	142,750	142,750
2020	-	-	142,750	142,750
2021-2025	-	-	713,750	713,750
2026-2030	3.00-3.60%	2,155,000	606,901	2,761,901
2031-2033	3.75-4.00%	1,810,000	145,562	1,955,562
		\$ 3,965,000	2,179,963	6,144,963

Year Ending June 30,	Bond Issue of May 1, 2014			
	Interest Rates	Principal	Interest	Total
2016	2.00%	\$ 520,000	200,110	720,110
2017	2.00%	530,000	189,710	719,710
2018	2.00%	540,000	179,110	719,110
2019	2.00%	500,000	168,310	668,310
2020	2.00%	510,000	158,310	668,310
2021-2025	2.00-3.00%	2,720,000	621,455	3,341,455
2026-2030	3.00-4.00%	975,000	309,100	1,284,100
2031-2033	4.00%	1,135,000	153,200	1,288,200
		\$ 7,430,000	1,979,305	9,409,305

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 5 Long-Term Liabilities - (continued)

General Obligation Bonds - (continued)

Year Ending June 30,	Bond Issue of May 6, 2015			
	Interest Rates	Principal	Interest	Total
2016	1.10%	\$ 40,000	51,421	91,421
2017	1.10%	40,000	51,705	91,705
2018	1.10%	15,000	51,265	66,265
2019	2.00%	40,000	51,100	91,100
2020	2.00%	40,000	50,300	90,300
2021-2025	2.00-3.00%	220,000	237,850	457,850
2026-2030	3.00%	260,000	203,900	463,900
2031-2033	3.00-3.25%	1,115,000	161,738	1,276,738
		<u>\$ 1,770,000</u>	<u>859,279</u>	<u>2,629,279</u>

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of September 12, 2013			
	Interest Rates	Principal	Interest	Total
2016	3.05%	\$ 309,000	179,335	488,335
2017	3.05%	319,000	169,778	488,778
2018	3.05%	328,000	159,912	487,912
2019	3.05%	339,000	149,740	488,740
2020	3.05%	349,000	139,248	488,248
2021-2025	3.05%	1,912,000	527,406	2,439,406
2026-2030	3.05%	2,479,000	212,662	2,691,662
		<u>\$ 6,035,000</u>	<u>1,538,081</u>	<u>7,573,081</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$6,035,000 bonds issued in September 2013. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 41% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the note is \$7,573,081. For the current year, interest paid on the bonds totaled \$239,799 and total statewide sales, services and use tax revenues were \$674,375.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 6 Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 6 Pension Plan – (continued)

The District's contributions to IPERS for the year ended June 30, 2015 were \$362,018.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,354,336 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was .058174 percent, which was a decrease of .000094 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$175,114. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,587	\$ -
Changes in assumptions	103,902	-
Net difference between projected and actual earnings on pension plan investments	-	897,876
Changes in proportion and differences between District contributions and proportionate share of contributions	-	4,635
District contributions subsequent to the measurement date	362,018	-
Total	\$ 491,507	\$ 902,511

\$362,018 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (195,298)
2017	(195,298)
2018	(195,298)
2019	(195,298)
2020	8,170
Total	\$ (773,022)

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 6 Pension Plan – (continued)

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 6 Pension Plan – (continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 4,448,451	\$ 2,354,336	\$ 586,685

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$43,687 for legally required employer contributions and \$29,108 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 7 Other Post Employment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical benefits for employees, retirees and their spouses. There are 69 active and 11 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/vision benefit as active employees, which results in an implicit rate subsidy and an OPEB liability. The District provides an annual early retirement offering to qualified employees. Successful applicants receive single health and dental insurance premiums paid by the District resulting in an explicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 7 Other Post Employment Benefits (OPEB) – (continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 179,991
Interest on net OPEB obligation	20,767
Adjustment to annual required contribution	(69,476)
Annual OPEB cost	131,282
Contributions made	(49,594)
Increase in net OPEB obligation	81,688
Net OPEB obligation, beginning of year	830,684
Net OPEB obligation, end of year	\$ 912,372

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015, are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 130,073	46.56 %	\$ 758,230
2014	121,513	40.37 %	830,684
2015	131,282	37.77 %	912,372

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial calculation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,441,960, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,441,960. The covered payroll (annual payroll of active employees covered by the plan) was \$3,786,215, and the ratio of the UAAL to covered payroll was 38.08%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 7 Other Post Employment Benefits (OPEB) – (continued)

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual health cost trend rate is 5%. Mortality rates are from the Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon the 2006 Society of Actuaries Study. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 8 Risk Management

The District is a member in the Iowa Star Schools Employees Benefit Health Plan, and Iowa Code Chapter 28E organization. Iowa Star Schools Employees Benefits Health Plan is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. Iowa Star Schools Employees Benefits Health Plan was set up for the purpose of managing and funding employee benefits. Iowa Star Schools Employees Benefits Health Plan provides coverage and protection in the following categories: medical. District contributions to Iowa Star Schools Employees Benefits Health Plan for the year ended June 30, 2015 were \$724,183.

Riverside Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$287,673 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 10 Operating Lease

The District entered into a five year contract to lease printers from Access Systems on July 12, 2010. The District paid \$19,249 in fiscal year 2015 under this lease agreement.

NOTE 11 Deficit Unassigned/Unrestricted Fund Balance/Net Position

The District had five negative accounts within the Special Revenue, Student Activity Fund totaling \$3,773 unassigned fund balance at June 30, 2015. The School Nutrition Fund had a deficit unrestricted net position of \$125,889. The Day Care Fund had a deficit unrestricted net position of \$215. The governmental activities had a deficit unrestricted net position of \$2,555,379, and business type activities had a deficit unrestricted net position of \$63,337 at June 30, 2015.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 12 Categorical Funding

The District ending balances for categorical funding by project as of the year ended June 30, 2015 are as follows:

<u>Project</u>	<u>Amount</u>
Limited English proficiency	\$ 17,981
Gifted and talented	62,377
Dropout prevention	29,351
Beginning administrator mentoring	1,420
Early literacy	15,280
Teacher quality core	23,281
Teacher quality professional development	2,877
Teacher leadership grants	6,827
	<u>\$ 159,394</u>

NOTE 13 Construction Commitments

At June 30, 2015, the District has construction commitments of \$10,006,064 on various projects. Retainages due at June 30, 2015 included in accounts payable is \$604,443.

NOTE 14 Accounting Change / Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2014, as previously reported	\$ 6,416,064	\$ 97,374
Net pension liability at June 30, 2014	(3,173,756)	(125,378)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>333,697</u>	<u>13,193</u>
Net position July 1, 2014, as restated	<u>\$ 3,576,005</u>	<u>\$ (14,811)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN BALANCES – BUDGET AND ACTUAL –
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 5,067,508	198,942	5,266,450	5,550,305	5,550,305	(283,855)
State sources	4,191,867	2,811	4,194,678	3,552,893	3,552,893	641,785
Federal sources	327,488	172,392	499,880	105,000	105,000	394,880
Total receipts	<u>9,586,863</u>	<u>374,145</u>	<u>9,961,008</u>	<u>9,208,198</u>	<u>9,208,198</u>	<u>752,810</u>
Expenditures:						
Instruction	5,116,354	-	5,116,354	5,175,000	5,175,000	58,646
Support services	2,693,107	-	2,693,107	2,374,790	2,374,790	(318,317)
Non-instructional programs	-	407,517	407,517	675,000	675,000	267,483
Other expenditures	13,271,299	-	13,271,299	14,038,023	14,038,023	766,724
Total disbursements	<u>21,080,760</u>	<u>407,517</u>	<u>21,488,277</u>	<u>22,262,813</u>	<u>22,262,813</u>	<u>774,536</u>
Excess (deficiency) of revenue over (under) expenditures	(11,493,897)	(33,372)	(11,527,269)	(13,054,615)	(13,054,615)	1,527,346
Other financing sources, net	<u>1,777,035</u>	<u>-</u>	<u>1,777,035</u>	<u>-</u>	<u>-</u>	<u>1,777,035</u>
Excess(deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(9,716,862)	(33,372)	(9,750,234)	(13,054,615)	(13,054,615)	3,304,381
Balances beginning of year	<u>20,570,682</u>	<u>(14,811)</u>	<u>20,555,871</u>	<u>13,824,773</u>	<u>13,824,773</u>	<u>6,731,098</u>
Balances end of year	<u>\$ 10,853,820</u>	<u>(48,183)</u>	<u>10,805,637</u>	<u>770,158</u>	<u>770,158</u>	<u>10,035,479</u>

See Accompanying Independent Auditors' Report

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015**

This budgetary comparison is presented as Required Supplementary Information in accordance with *Governmental Accounting Standards Board* Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the support services function. The District did not exceed its General Fund unspent authorized budget.

RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

District's proportion of the net pension liability	0.058174 %
District's proportionate share of the net pension liability	\$ 2,354
District's covered-employee payroll	\$ 3,885
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.59%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See Accompanying Independent Auditors' Report

RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 362	347	327	294	249	240	237	224	205	196
Contributions in relation to the statutorily required contribution	362	347	327	294	249	240	237	224	205	196
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 4,053	3,885	3,769	3,647	3,586	3,614	3,726	3,699	3,565	3,405
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.06%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See Accompanying Independent Auditors' Report

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN (In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

Year Ended 30-Jun	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	- \$	2,827,303	\$ 2,827,303	0.0%	\$ 3,162,799	89.39%
2011	Jul 1, 2009	-	2,732,588	2,732,588	0.0%	3,471,585	78.71%
2012	Jul 1, 2009	-	2,501,798	2,501,798	0.0%	3,223,417	77.61%
2013	Jul 1, 2012	-	1,406,061	1,406,061	0.0%	3,318,028	42.38%
2014	Jul 1, 2012	-	1,422,917	1,422,917	0.0%	3,340,480	42.60%
2015	Jul 1, 2012	-	1,441,960	1,441,960	0.0%	3,786,215	38.08%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

		Special Revenue		
		Management	Student	
		Levy	Activity	Total
Assets				
Assets:				
Cash, cash equivalents and pooled investments	\$	231,681	104,290	335,971
Receivables:				
Property tax:				
Delinquent		1,278	-	1,278
Succeeding year		139,049	-	139,049
Total assets	\$	372,008	104,290	476,298
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$	-	2,776	2,776
Total liabilities		-	2,776	2,776
Deferred inflows of resources:				
Unavailable succeeding year property tax revenue		139,049	-	139,049
Fund balances:				
Restricted for:				
Management levy purposes		232,959	-	232,959
Student activities		-	105,287	105,287
Unassigned		-	(3,773)	(3,773)
Total fund balances		232,959	101,514	334,473
Total liabilities, deferred inflows of resources and fund balances	\$	372,008	104,290	476,298

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Special Revenue		
	Management	Student	
	Levy	Activity	Total
Revenues:			
Local sources:			
Local Tax	\$ 190,964	-	190,964
Other	6,484	126,556	133,040
Total revenues	<u>197,448</u>	<u>126,556</u>	<u>324,004</u>
Expenditures:			
Current:			
Instruction:			
Other instruction	-	127,750	127,750
Support services:			
Administration services	83,071	-	83,071
Operation and maintenance of plant	98,308	-	98,308
	<u>181,379</u>	<u>-</u>	<u>181,379</u>
Total expenditures	<u>181,379</u>	<u>127,750</u>	<u>309,129</u>
Net change in fund balances	16,069	(1,194)	14,875
Fund balances beginning of year	<u>216,890</u>	<u>102,708</u>	<u>319,598</u>
Fund balances end of year	<u>\$ 232,959</u>	<u>101,514</u>	<u>334,473</u>

See Accompanying Independent Auditors' Report

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2015**

	Capital Projects				Total
	Statewide Sales, Services and Use Tax	General Obligation Construction Bonds	Revenue Construction Bonds	Physical Plant and Equipment Levy	
Assets					
Assets:					
Cash, cash equivalents and pooled investments	\$ 5,664,768	3,361,150	1,691,195	72,983	10,790,096
Receivables:					
Property tax:					
Delinquent	-	-	-	876	876
Succeeding year	-	-	-	112,092	112,092
Due from other governments	-	-	104,879	-	104,879
Total assets	<u>\$ 5,664,768</u>	<u>3,361,150</u>	<u>1,796,074</u>	<u>185,951</u>	<u>11,007,943</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 5,100	1,376,200	-	5,869	1,387,169
Deferred inflows of resources:					
Unavailable succeeding year property tax revenue	-	-	-	112,092	112,092
Fund balances:					
Restricted for:					
School infrastructure	5,659,668	1,984,950	1,796,074	-	9,440,692
Physical plant and equipment	-	-	-	67,990	67,990
Total fund balances	<u>5,659,668</u>	<u>1,984,950</u>	<u>1,796,074</u>	<u>67,990</u>	<u>9,508,682</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,664,768</u>	<u>3,361,150</u>	<u>1,796,074</u>	<u>185,951</u>	<u>11,007,943</u>

See Accompanying Independent Auditors' Report

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES – CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2015**

	Capital Projects				Total
	Statewide Sales, Services and Use Tax	General Obligation Construction Bonds	Revenue Construction Bonds	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local Tax	\$ -	-	-	114,338	114,338
Other	5,437	13,476	9,470	153	28,536
State sources	674,375	-	-	-	674,375
Federal sources	-	-	-	24,516	24,516
Total revenues	<u>679,812</u>	<u>13,476</u>	<u>9,470</u>	<u>139,007</u>	<u>841,765</u>
Expenditures:					
Current:					
Support services:					
Instructional staff services	-	-	-	3,657	3,657
Administration services	1,500	-	533	-	2,033
Operation and maintenance of plant services	320,199	-	-	68,478	388,677
Transportation services	69,100	-	-	-	69,100
	<u>390,799</u>	<u>-</u>	<u>533</u>	<u>72,135</u>	<u>463,467</u>
Other expenditures:					
Facilities acquisition	1,659,045	10,016,887	25,895	113,622	11,815,449
Total expenditures	<u>2,049,844</u>	<u>10,016,887</u>	<u>26,428</u>	<u>185,757</u>	<u>12,278,916</u>
Excess of revenues over expenditures	(1,370,032)	(10,003,411)	(16,958)	(46,750)	(11,437,151)
Other financing sources (uses):					
General obligation bond proceeds	-	1,770,000	-	-	1,770,000
Premium on general obligation bond proceeds	-	5,735	-	-	5,735
Operating transfers out	(240,299)	-	-	-	(240,299)
Total other financing (uses)	<u>(240,299)</u>	<u>1,775,735</u>	<u>-</u>	<u>-</u>	<u>1,535,436</u>
Net change in fund balances	(1,610,331)	(8,227,676)	(16,958)	(46,750)	(9,901,715)
Fund balances beginning of year	<u>3,406,405</u>	<u>10,212,626</u>	<u>5,676,626</u>	<u>114,740</u>	<u>19,410,397</u>
Fund balances end of year	<u>\$ 1,796,074</u>	<u>1,984,950</u>	<u>5,659,668</u>	<u>67,990</u>	<u>9,508,682</u>

See Accompanying Independent Auditors' Report

RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND - STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Revenues	Expend- itures	Balance End of Year
Spring play	\$ 58	-	-	58
Speech	56	8	179	(115)
Vocal	623	-	435	188
Musical	2,652	1,725	2,403	1,974
Band	7,459	1,959	6,511	2,907
Cross country	298	118	337	79
Boys Basketball	2,478	1,466	2,328	1,616
Football	7,484	8,750	8,073	8,161
Baseball	1,459	-	160	1,299
Golf	150	1,000	820	330
Girls basketball	854	1,255	587	1,522
Volleyball	4,285	2,254	1,491	5,048
Boys soccer	15	663	1	677
Girls soccer	200	318	-	518
Softball clinic	2,678	2,418	2,592	2,504
Athletics	15,087	34,575	34,868	14,794
Uniforms	14,369	65	5,137	9,297
5th grade team	212	-	-	212
Dance team	1,206	6,775	5,568	2,413
FFA	4,296	11,574	2,837	13,033
1st grade - US West	465	-	-	465
MS fundraising	2,857	3,547	7,290	(886)
IS library	5	925	923	7
FCCLA	1,429	280	1,811	(102)
ITAG grant	68	-	-	68
Yearbook	561	7,740	7,273	1,028
Bulldog bits	121	-	-	121
Football cheerleaders	2,830	3,452	2,001	4,281
Robotics club	554	-	-	554
DC Trip	3,223	-	301	2,922
International club	15	-	-	15
Civic donations	1,629	99	2,697	(969)
JH field trips	972	2,233	153	3,052
Interest	-	524	75	449
Library	525	-	525	-
Elementary book fair	5,902	2,256	1,881	6,277
National honor society	126	69	68	127
R club	241	-	-	241
HS student improvement	5,105	-	6	5,099
HS recognition	99	-	-	99
Putman classroom	95	536	261	370
HS student council	864	1,452	1,598	718
Wrestling cheerleader	653	2,808	3,269	192
Jump rope for heart	990	-	-	990
Spanish trip	226	-	-	226
Art club	263	-	-	263
Basketball cheerleaders	887	314	320	881
IS fundraising	-	10,444	9,357	1,087
Outdoor classroom	127	-	-	127
Science club	1,214	-	-	1,214
Class of 2014	2,248	-	1,955	293
Class of 2015	2,348	63	2,040	371
Class of 2016	2,209	7,970	6,841	3,338
Class of 2017	690	863	-	1,553
Class of 2018	-	680	-	680
IS student council	(1,027)	5,378	4,673	(322)
MS student council	(346)	-	(1,895)	1,549
Class of 2013	(1,379)	-	-	(1,379)
Total	\$ 102,708	126,556	127,750	101,514

See Accompanying Independent Auditors' Report

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURE BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN YEARS**

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local Tax	\$ 4,306,185	3,322,767	3,959,956	3,924,797	4,189,038	3,726,105	3,612,576	3,113,882	3,063,277	2,892,498
Tuition	155,742	113,653	123,676	121,430	50,532	122,083	154,795	169,227	113,999	110,783
Other	605,581	396,176	479,310	402,760	435,670	381,963	420,374	492,777	452,204	424,954
Intermediate sources	-	-	-	-	-	-	-	15,229	-	-
State sources	4,191,867	3,807,787	3,130,456	3,077,937	2,826,333	2,465,780	2,963,000	2,911,515	2,920,328	2,822,573
Federal sources	327,488	297,132	194,178	225,941	322,295	490,706	189,645	131,020	144,653	152,721
Total	\$ 9,586,863	7,937,515	7,887,576	7,752,865	7,823,868	7,186,637	7,340,390	6,833,650	6,694,461	6,403,529
Expenditures:										
Instruction:										
Regular instruction	\$ 3,583,532	3,240,766	3,135,793	2,944,468	2,879,560	2,888,195	3,109,105	2,694,951	2,381,372	2,380,366
Special instruction	1,028,795	1,139,548	782,593	842,896	801,118	878,157	865,248	835,938	803,953	830,959
Other instruction	504,027	948,851	1,040,982	1,001,941	762,619	583,512	415,539	820,609	831,456	809,845
Support services:										
Student services	143,082	149,288	131,136	132,448	167,636	132,161	188,921	189,734	180,071	184,844
Instructional staff services	244,914	296,622	126,720	95,387	222,376	96,237	119,850	120,140	134,178	144,133
Administration services	888,615	840,429	718,862	774,304	748,320	706,836	582,390	612,617	621,653	598,364
Operation and maintenance of plant services	980,408	745,883	560,775	573,140	519,632	566,148	544,026	566,046	534,428	472,249
Transportation services	436,088	355,908	439,704	337,828	338,084	268,413	251,994	295,056	438,144	360,060
Other expenditures:										
Facilities acquisition	11,815,449	2,205,549	235,110	348,527	996,251	401,482	234,265	382,908	365,101	484,305
Long-term debt:										
Principal	520,000	56,076	45,055	24,280	49,312	21,181	82,342	57,838	-	-
Interest and fiscal charges	648,177	2,392	530	1,984	4,640	2,485	2,639	3,477	-	-
AEA flowthrough	287,673	261,595	249,922	242,360	271,411	257,342	236,389	214,810	209,591	199,163
Total	\$ 21,080,760	10,242,907	7,467,182	7,319,563	7,760,959	6,802,149	6,632,708	6,794,124	6,499,947	6,464,288

See Accompanying Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**



Diane McGrain, CPA
Jim Menard, CPA

November 10, 2015

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit Performed
in Accordance with Government Auditing Standards**

The Board of Education of
Riverside Community School District
Riverside, IA 51537

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund balance information of the Riverside Community School District as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverside Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riverside Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Riverside Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurances all deficiencies, significant material weaknesses or deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and certain deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-15 and I-B-15 to be material weaknesses.

Continued. . .

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A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as items I-C-15 through I-E-15 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverside Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Riverside Community School District's Responses to Findings

Riverside Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Riverside Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Riverside Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience

Schroeder & Associates, PC

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part I: Findings Related to the Financial Statements:

I-A-15 Segregation of Duties

Comment - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual may perform two or more functions in each of the following areas for the District.

- 1) Cash - bank reconciliations, cash receipts, disbursement and approval functions
- 2) Inventories - purchasing, recording and maintaining inventory records
- 3) Capital assets - responsibility for assets and periodic testing
- 4) Receipts - recording, depositing, posting and reconciling
- 5) Disbursements - check preparation, signing checks, voucher preparation and reconciling disbursements to the check register
- 6) Payroll - approval of and recording employees added or deleted from the payroll system, approval of and payment of payroll taxes, write checks, sign checks and post payroll to the general ledger
- 7) Long-term debt - maintain records and performs cash functions
- 8) Transfers - authorization, recording and approval
- 9) Wire transfers - processing and approval
- 10) Financial reporting - preparing, reconciling and approving
- 11) Computer systems - performing and controlling all general accounting functions
- 12) Journal entries - posting and approval

In addition, the person who signs checks also has access to the signature stamp of the Board President.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances, including control over access to the signature stamp.

Response - The District realizes the importance of proper segregation of duties and will continue to reallocate duties if/where possible including controls over access to the signature stamp.

Conclusion - Response accepted.

I-B-15 Financial Reporting

Comment - During the audit, we identified numerous adjustments to reconcile receivables, payables and capital asset additions in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation - The District should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the District's financial statements.

Response - Many entries needed were due to prior audit adjustments not posted correctly by the previous finance director. All adjustments have been properly posted to the District records and reconcile with the audit report. The District will implement procedures to capture all accrual entries at year end.

Conclusion - Response accepted.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part I: Findings Related to the Financial Statements - (continued):

I-C-15 Payroll Classifications

Comment - We noted employee cost center classification codes were not always properly updated to reflect staff change allocations to categorical and federally funded cost centers.

Recommendation - Program coordinators should review teacher classification codes before the start of the school year to determine proper cost allocations are made to categorical and federal funding cost centers. This results in fewer adjusting entries to correct the costs incurred.

Response - We concur with the recommendation of the District auditors. It was the practice of the District over the last several years to wait until year end for reclassification of employee wages and associated benefits.

Conclusion - Response accepted.

I-D-15 Gate Admissions

Comment - It was noted that the District does not use pre-numbered tickets for all events that require an admission.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to the individuals involved. The Board would of course approve any policies and procedures that the District's business office develops.

Response - The District understands the importance of internal controls for handling cash at activity events and has developed procedures for gate admissions. We will implement pre-numbered tickets in the current year.

Conclusion - Response accepted.

I-E-15 Payroll Procedures

Comment - We noted that the District's payroll procedures do not have a secondary check to verify that contracts are entered into the system correctly.

Recommendation - The District should review its policies and procedures to ensure an adequate level of control is established. Better internal controls would be to have another individual, other than the employees themselves, verify that payroll contracts are entered into the system correctly.

Response - The District understands the need for verification of contract entry and will implement procedures accordingly.

Conclusion - Response accepted.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget

Comment - District expenditures for the year ended June 30, 2015 exceeded the amount budgeted in the support services functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - The District will review budget calculations to ensure that future budget overages do not occur.

Conclusion - Response accepted.

II-B-15 Questionable Expenditures

No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-15 Travel Expense

No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-15 Business Transactions

Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Phil Reed, Board Member, owner of Reed Services	Mowing	\$ 112
Rhonda Crumley, Paraeducator, owner of M&R Mowing	Lawn Services	\$ 10,225
Sid Skank, husband of Tammy Skank, Secretary	Painting Services	\$ 9,328

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions do not appear to represent conflicts of interest.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Required Statutory Reporting - (continued):

II-E-15 Bond Coverage

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate.

II-F-15 Board Minutes

Comment – No transactions were found that we believe should have been approved by the Board minutes, but were not. However, we identified the following:

- The minutes were not always published within 15 days, in accordance with Chapter 279.35 of the Code of Iowa.
- The minutes were not always signed.
- The Board went into closed sessions various times. The specific exemption under Chapter 21.5 of the Code of Iowa and documentation of roll call votes to approve was not always identified.

Recommendation – The board secretary should furnish the minutes of each meeting for publication on a timely matter. The District should comply with Chapter 21 of the Code of Iowa. Minutes should be properly signed.

Response – We will do this.

Conclusion – Response accepted.

II-G-15 Certified Enrollment

Comment – We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported on Line 1 as resident students was overstated by .22 students.

Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response – The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion – Response accepted.

II-H-15 Supplemental Weighting

No variances regarding the supplemental weighting certified to the Department of Education were noted.

II-I-15 Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Required Statutory Reporting - (continued):

II-J-15 Certified Annual Report

The Certified Annual Report was certified timely to the Iowa Department of Education.

II-K-15 Categorical Funding

No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-15 Statewide Sales and Services Tax

No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$ 3,406,405
Revenues/transfers in:	
Sales tax revenues	674,375
Other local revenues	5,437
	<hr/> 679,812
Expenditures/transfers out:	
Equipment	390,799
Facilities acquisitions	1,659,045
Transfers to debt service fund	240,299
	<hr/> 2,290,143
Ending balance	\$ <u>1,796,074</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

II-M-15 Revenue Bonds

The District is in compliance with the provisions of the revenue bond resolution.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Required Statutory Reporting - (continued):

II-N-15 Deficit Balances/Net Position

Comment – At June 30, 2015, the District had five negative accounts with a total deficit unassigned balance of \$3,773 in the Student Activity Fund. We also noted that the School Nutrition Fund had a deficit unrestricted net position of \$125,889, the Day Care Fund had a deficit unrestricted net position of \$215, governmental activities had a deficit unrestricted net position of \$2,555,379, and business type activities had a deficit unrestricted net position of \$63,337 at June 30, 2015.

Recommendation – The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits.

Response – The implementation of GASB No. 68 had a negative impact on the governmental and business type activities. We will consider alternatives to eliminate the deficits.

Conclusion – Response accepted.

II-O-15 Student Activity Fund

Comment – In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the co curricular and extracurricular activities offered as a part of the education program for students. We noted during our audit the following accounts within the Student Activity Fund that do not appear to be related to co curricular or extracurricular activities:

ITAG Grant - This account appears to be related to the Talented and Gifted program which is part of the instructional program of the District and should be accounted for in the General Fund.

Middle School Library, Library and Elementary Book Fair - These accounts appear to account for the proceeds from book fairs and other donations to the District's libraries. The proceeds from book fairs are used to purchase library books which are instructional in nature and should be accounted for in the General Fund. Library accounts in the Student Activity Fund are for instructional support activities and should be accounted for in the General Fund.

Student Needs (civic donations) - This account is used to account for gifts and donations from the booster club and other organizations. It is also used to account for interest earned on the cash balance of the Student Activity Fund.

Special Ed. Needs (Putnam classroom) - This account appears to be used for a learning exercise for the District's Special Education students. The students count returnable cans for community groups and then receive the deposit proceeds from the redemption of the cans. This appears to be a part of an instructional program and should be accounted for in the General Fund.

Outdoor Classroom - This account appears to be instructional in nature and should be accounted for in the General Fund.

Recommendation – These accounts do not appear to be co curricular or extracurricular in nature and should be accounted for in the General Fund.

**RIVERSIDE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Required Statutory Reporting - (continued):

II-O-15 Student Activity Fund - (continued)

Response – The District will review the accounts and move them to the General Fund as necessary.

Conclusion – Response accepted.

II-P-15 SUTA Calculation

Comment – We noted employee wages were not accurately reported to Iowa Workforce.

Recommendation – The District should correct the payroll software to report wages earned so possible unemployment claims are accurate.

Response – We will correct this in our system.

Conclusion – Response accepted.